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FOR IMMEDIATE RELEASE:

**FORMER INSURANCE EXECUTIVE
CHARGED WITH \$3 MILLION INVESTMENT FRAUD**

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that JAMES R. HARROLD, 61, formerly of Indianapolis, Indiana, was indicted yesterday afternoon by a federal grand jury sitting in Indianapolis for mail fraud, wire fraud, interstate transportation of securities obtained by fraud, and money laundering, following an investigation by the Internal Revenue Service, the United States Securities and Exchange Commission, and the Indiana Secretary of State, Securities Division.

These charges stem from HARROLD's solicitation of investments in a program variously described as a "bank debenture program" and as a "capital loan program" ("investment program") and his utilization of the funds invested to pay his various personal

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expenses and expenses he incurred in various real estate and golf course development projects.

HARROLD, who was retired from his position as the Indiana sales manager for American Family Life Assurance Company, Inc., solicited a group of persons ("marketers") to invest in an investment program in which they would earn monthly profits of 20% on a minimum investment of \$5,000. HARROLD stated that the funds, which had to remain invested for at least one year, would be sent to Rubix Services, LLC, ("Rubix") a company in England that would deposit the funds at Midland Bank, PFC, ("Midland") in England. Midland, through Rubix, would then invest the funds in prime bank debenture instruments that would generate a 20% monthly profit.

These original marketers each invested in the investment program and solicited other persons to similarly invest, during which they conveyed the representations HARROLD had made to them regarding the investment program. HARROLD also personally solicited additional persons to invest in the investment program. During these solicitations, HARROLD made the same representations regarding the investment program he had made to the original marketers. Persons who invested in the investment program based on the representations of the original marketers and/or on HARROLD's personal representations, solicited other persons to invest in the investment program during which they conveyed the representations the original marketers and/or HARROLD had made to them regarding the investment program. These "word of mouth" solicitations spread beyond the Southern District of Indiana and caused

persons in Ohio, Colorado, Nebraska, Minnesota, Missouri, and Florida to invest in the investment program.

Persons who invested in the investment program did so with checks and money orders that they mailed to HARROLD or provided to marketers to be delivered to HARROLD. HARROLD endorsed the checks and money orders and caused them to be deposited into and transferred between various bank accounts on which he was a signator. HARROLD generated a monthly "Program Account" statement for each investor in the investment program which statement reflected that each investor had earned a purported profit of 20% on his/her investment.

None of the funds provided to HARROLD by investors in the investment program were sent to Rubix, deposited at Midland, or invested in prime bank debenture instruments and did not generate a 20% monthly profit. HARROLD utilized the funds provided by investors in the investment program for the following purposes:

(1) to pay the original and subsequent marketers a fee for each investor they had successfully solicited to invest in the investment program;

(2) to re-pay the principal and purported 20% interest to investors who liquidated their investments;

(3) to pay various of his personal expenses, including his health insurance premiums and the mortgages on his private residence in Marion County, Indiana, and on condominiums

and real estate located in Illinois, Michigan, and Florida; and

(4) to pay various of his expenses incurred in connection with various real estate projects, including his purchase and development of golf courses and real estate in Colorado.

Through the execution of his scheme, HARROLD defrauded investors in the investment program of approximately \$3 million between April, 1999 and November, 2001. HARROLD's scheme was revealed during February, 2001, when the Indiana Secretary of State, through the Securities Division, obtained a cease and desist order against HARROLD.

On November 29, 2001, United States Magistrate Judge Kennard P. Foster issued a warrant for HARROLD's arrest on a complaint related to the case indicted today which charged HARROLD with mail fraud, wire fraud, and money laundering.

On November 9, 2004, HARROLD was arrested in Belize on charges relating to his having fraudulently obtained a Belizean passport during February, 2002 using the name Samuel L. Foster. HARROLD is incarcerated in Belize. The Belizean government is attempting to revoke HARROLD's citizenship and expel him from Belize. The United States Marshal will take custody of HARROLD in the event he is expelled and return him to the Southern District of Indiana to face the charges in this indictment.

The Office of the United States Attorney for the Southern District of Indiana is also taking to steps to obtain HARROLD's extradition from Belize on the charges in this indictment.

According to Assistant United States Attorney Joe H. Vaughn, who is prosecuting the

case for the government, HARROLD faces a maximum possible prison sentence of 200 years and a maximum possible fine of \$7,250,000. An initial hearing will be scheduled before a U.S. Magistrate Judge in Indianapolis upon HARROLD's return from Belize.

The indictment is an allegation only, and the defendant is presumed innocent unless and until proven guilty at trial or by guilty plea.

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